



CITY COUNCIL CONSIDERATION ITEM

CITY OF FAIR OAKS RANCH, TEXAS

May 5, 2022

AGENDA TOPIC: Presentation of Financial Update and Quarterly Investment Report for Q2 of Fiscal Year 2022

DATE: May 5, 2022

DEPARTMENT: Finance

PRESENTED BY: Scott Huizenga, Assistant City Manager – Administrative Services

INTRODUCTION/BACKGROUND:

Pursuant to Texas Government Code Section 2256.023 and the City's Investment Policy Section 12, City staff is required, on a quarterly basis, to prepare and submit to City Council a written report of investment transactions that have occurred since the previous report, and the market value of the current investments.

The attached presentation is being made to comply with PFIA reporting requirements and to provide a financial update for Q2 of FY22.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Frequent review and reporting of the City's assets and investment vehicles is both prudent and necessary to verify that the City's investment portfolio is being managed according to the investment policy.

The Finance Department has updated its FY 2021-22 year-end projections based on financial performance through the 2nd quarter of the fiscal year. The department projects a General Fund surplus over budget of nearly \$985,000, which is evenly split between projected revenue increases and expenditure savings. The primary revenue increases are in property taxes and sales taxes. The primary driver of expenditure savings is personnel savings due to vacancies.

The department projects net income over budget of \$107,000 in the Utility fund due primarily to personnel savings due to vacancies and modest adjustments to non-sales revenue.

LONG-TERM FINANCIAL & BUDGETARY IMPACT:

The investment portfolio shall be managed in accordance with the objectives specified in the investment policy (safety, liquidity, diversification, and yield). The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates.

LEGAL ANALYSIS:

Not applicable at this time.

RECOMMENDATION/PROPOSED MOTION:

This presentation is for informational purposes only and to comply with requirements under Texas Government Code Section 2256.023 and the City's Investment Policy.